

Message Text

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ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 R

DRAFTED BY EB/ORF/FSE:LRRAICHT:CJR

APPROVED BY THE SECRETARY

EB - MR. KATZ, ACTING

NEA - MR. ATHERTON

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S/S - MR. GAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

INFO AMEMBASSY BRUSSELS IMMEDIATE

S E C R E T STATE 208864

EXDIS

E.O. 11652 GDS

TAGS: ENRG

SUBJ: PRESIDENTIAL MESSAGE TO KING FAISAL

REF: (A) STATE 203063, (B) JIDDA 5411, (C) STATE 193331

BRUSSELS PASS ENDERS

1. IT HAS BECOME CLEAR THAT PRESS REPORTS OF SAUDI PRICE INCREASE ARE RELATED TO YAMANI LETTER TO ARAMCO IN AUGUST ON SETTLEMENT OF BUYBACK PRICES FOR PARTICIPATION CRUDE SINCE OCTOBER 1, 1973 (PARA 4, REF C).
2. IN LIGHT OF HELPFUL POSITION TAKEN BY SAG AT OPEC CONFERENCE IN VIENNA ON HOLDING LINE ON PRICES, AMBASSADOR SHOULD CONVEY PRESIDENT'S MESSAGE TO KING AT EARLIEST OPPORTUNITY.
3. AT SAME TIME, YOU SHOULD NOTE THAT ALTHOUGH SAG HAS AGAIN DISASSOCIATED ITSELF FROM OPEC TAX AND ROYALTY INCREASE, YAMANI HAS, AS A PRACTICAL MATTER, CONTRIBUTED

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TO A SUBSTANTIAL RISE IN THE PRICE OF SAUDI OIL BY

ARBITRARILY ESTABLISHING NEW BUYBACK CRITERIA SIGNIFICANTLY AT VARIANCE WITH TERMS OF EARLIER VERBAL AGREEMENT WITH ARAMCO. YOU SHOULD POINT OUT INCONSISTENCY BETWEEN PUBLICLY EXPRESSED SAUDI POSITION IN FAVOR OF LOWER OIL PRICE LEVELS AND THIS ACTION.

4. FYI. WE EXPECT TO RAISE THIS SUBJECT WITH YAMANI DURING HIS FORTHCOMING VISIT TO WASHINGTON. KISSINGER

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NNN

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